

## Message Text

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15

ACTION TRSE-00

INFO OCT-01 EA-07 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 PA-01 PRS-01 AS-01 AGR-05 /088 W

----- 054319

R 180500Z NOV 75

FM AMEMBASSY RANGOON

TO SECSTATE WASHDC 596

INFO AMEMBASSY MANILA

LIMITED OFFICIAL USE RANGOON 3294

FOR NAC AGENCIES

MANILA FOR USADB

E.O. 11652: N/A

TAGS: EAID EFIN BM

SUBJ: PROPOSED ADB LOAN FOR JUTE MILL PROJECT (BURMA)

REF: MANILA 15805 AND STATE 2656161

1. SUMMARY: EMBASSY RECOMMENDS FAVORABLE NAC ACTION ON SUBJECT PROJECT, BUT CALLS ATTENTION TO RECENT DECLINE IN BURMA'S RAW JUTE PRODUCTION. ASSUME ADB APPRAISAL OF PROJECT TAKES INTO ACCOUNT REASON FOR THIS DECLINE AND BANK FULLY SATISFIED THAT THE PROBLEM HAS BEEN RECTIFIED. JUTE BAGS ESSENTIAL IF BURMA IS TO INCREASE RICE PRODUCTION AND EXPORT, AND THIS PROJECT SEEMS TO COMPLIMENT OTHER IFI PROGRAMS AIMED AT RAISING BURMA'S RICE OUTPUT. END SUMMARY.

2. BURMA'S RAW JUTE OUTPUT HAS BEEN DECLINING FOR PAST THREE CROP YEARS FROM 88,450 TONS IN 1972-73 TO 78,000 TONS IN 1973-74 TO 39,000 TONS IN 1974-75. THIS DECLINE ATTRIBUTED TO SHORTAGE OF

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DIESEL OIL FOR IRRIGATION PUMPS. GUB AGRICULTURAL AUTHORITIES

CLAIM SITUATION HAS BEEN RECTIFIED AND HAVE TARGETTED JUTE PRODUCTION AT 89,000 TONS FOR 1975-76. IF IRRIGATION PUMPS CAN OPERATE, JUTE SHOULD HAVE GOOD FUTURE IN BURMA AS IT CONSTITUTES SUITABLE PRE-MONSOON CROP IN AREAS WHICH CAN BE SUFFICIENTLY IRRIGATED AND THUS REPRESENTS ADDITIONAL SOURCE OF INCOME FOR PADDY FARMERS.

3. EMBASSY NOT CERTAIN WHETHER ADB FULLY COGNIZENT OF THIS PROBLEM AND WHETHER ITS APPRAISAL OF PROJECT TAKES INTO ACCOUNT FUTURE DIESEL OIL SUPPLY PROBLEMS WHEN PROJECTING JUTE OUTPUT IN BURMA. HOWEVER, EVEN LAST YEAR'S LOW OUTPUT WOULD BE SUFFICIENT TO FEED BURMA'S EXISTING AND PROPOSED JUTE MILL CAPACITY ASSUMING LITTLE OR NO EXPORT OF JUTE.

4. BURMA'S EXISTING JUTE MILL PRESENTLY OPERATING THREE SHIFTS DAILY AND PRODUCTION NEARING FULL CAPACITY AFTER STEEP DECLINE IN 1974-75 DUE TO LABOR PROBLEMS. LACK OF JUTE BAGS HAS PLACED CONSTRAINT ON BURMA'S RICE EXPORTS AND ON GOVERNMENT'S ABILITY TO ABSORB PADDY COLLECTIONS. LAST YEAR'S RICE COLLECTIONS, THOUGH BELOW TARGETED FIGURE, PUT SEVERE STRAIN ON GUB STORAGE AND TRANSPORT FACILITIES AND PART OF PROBLEM DUE TO SHORTAGE OF BAGS. IF ADB AND IBRD FINANCED PROJECT AIMED AT INCREASING PADDY PRODUCTION SUCCESSFUL, OTHER PROJECTS AIMED AT IMPROVING INFRASTRUCTURE TO ABSORB INCREASED OUTPUT NECESSARY, AND PROPOSED JUTE MILL PROJECT REPRESENTS ONE PHASE OF SUCH COMPLIMENTARY MEASURES.

5. DESPITE DEPARTMENT'S RESERVATIONS ABOUT PROJECT AND FUTURE JUTE MARKET (PRESENT UNSETTLED POLITICAL SITUATION IN BANGLADESH COULD CONCEIVABLY HAVE ADVERSE INFLUENCE ON THAT COUNTRY'S OUTPUT AT LEAST IN SHORT RUN), EMBASSY BELIEVES THIS TO BE VIABLE PROJECT FOR BURMA AND RECOMMENDS FAVORABLE NAC ACTION.  
OSBORN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** JUTE, LOANS, PROGRAMS (PROJECTS), ECONOMIC REPORTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 18 NOV 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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**Film Number:** D750400-0819  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PROPOSED ADB LOAN FOR JUTE MILL PROJECT (BURMA)  
**TAGS:** EAID, EFIN, BM  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006